REMARKS/ARGUMENTS

The present paper is submitted in response to the final Office Action dated December 1, 2006. In the Office Action, claims 1-20 were rejected under 35 U.S.C. § 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicants regard as the invention. In addition, claims 1-20 were rejected under 35 U.S.C. § 103(a) as being unpatentable over Apgar IV in view of Franks, Ruffin et al., and Storms.

With respect to the rejection of the claims under 35 U.S.C. § 112, second paragraph, Applicants respectfully submit that the claims, as written and amended, distinctly define the claimed subject matter. Applicants direct the Examiner's attention to Specification p.14 line 24-p.19 line 25 for a distinct definition of the subject matter of the claim element "evaluating the indicator values for the...non financial data with respect to the plurality of financing structures." Specifically, Applicants have defined evaluating "non-financial data." For example, some non-financial data includes (1) the real estate's asset's strategic importance; (2) property characteristics; (3) occupancy issues; (4) market issues; and (5) other. The evaluation includes assigning indicator values based on how the particular non-financial data (also called "qualitative data") applies to a particular financing structure.

In addition, claims 1-20 were rejected under 35 U.S.C. § 103(a) as being unpatentable over Apgar IV (U.S. Patent No. 5,680,305) in view of Franks, in view of Ruffin et al. (U.S. Patent No. 6,675,149) and further in view of Storms.

With respect to the rejection of independent claims 1 and 17 under 35 U.S.C. § 103(a) as being unpatentable over Apgar IV, Franks, Ruffin and Storms, Applicants

respectfully submit that the claims, as written and amended, distinctly define the claimed subject matter in view of the cited references. Assuming that one having ordinary skill in the art could somehow have combined the disparate references applied by the Examiner, the resultant combination lacks critical features positively recited in the amended claims.

Applicants respectfully reiterate that the present invention relates to evaluating real estate financing structures in relation to a real estate asset for the procurement or refinancing of the real estate asset by an entity, such as by ownership, leasehold or other control structures. For example, financing structures may include, but are not limited to, purchase of the real estate such as with corporate funds, debt, via a real estate investment trust, or via a partnership or joint venture with another individual or entity. Likewise, an individual may lease real estate such as via a short-term lease, a long-term lease, a credit sale and lease back, a tax-motivated leveraged lease or a synthetic lease, for example. *See* Specification, pp. 1, 2.

The present invention does this by processing both financial data, such as would relate to a financing structure, and non-financial data, as detailed above, into indicator values that can be evaluated with respect to each financing structure. Therefore, the data, which may have different importance depending on which financing structure is being evaluated, can be normalized, and a total score for each financing structure can be output. Each financing structure for the particular real estate asset can then be directly compared together, and the financing structure that is optimal for that real estate asset can be identified.

As detailed in the previous response, Apgar IV fails to teach or even remotely suggest a method or system for evaluating real estate financing structures to determine the

best or optimal way to procure the real estate, but instead relates to a system and a method of evaluating the condition of real estate. For example, Apgar IV is best summarized by its Abstract:

> Systems and methods of the invention provide objective evaluations of a business entity's real estate situation and condition for use by customers including (but not limited to) the business entity.

Moreover, Apgar IV teaches compiling a score, including indicators such as Amount, Price, Grade, Area and Risk, which directly relates to the condition of the real estate. Apgar IV teaches compiling the indicators to generate a single score:

> Preferably, each of the five indicators is scaled for a total score of 10. . . . For example, a score of 5 or below generally highlights the need for the Business Entity's management to focus on real estate issues.

Col. 7, lines 3-8. This single score merely informs an individual as to the condition of a piece of real estate and whether to buy or otherwise procure the real estate asset, and has nothing to do with financing structures that would inform an individual of how best to procure or refinance a real estate asset, as in the present invention.

The Examiner acknowledges that Apgar IV fails to disclose:

> providing a plurality of financing structures; evaluating the indicator values for the financial data with respect to the plurality of financing structures; outputting the total score for each financing structure from the computer to compare the total scores of all financing structures to obtain an optimal financing structure for procuring the real estate asset.

Office Action dated December 1, 2006, p. 4. However, the Examiner argues that Franks, Ruffin et al. and Storms teach the missing elements.

Specifically, Franks fails to supply the missing elements of independent claims 1 and 17. Franks provides no teaching or disclosure relating to evaluating real estate financing structures as defined in independent claims 1 and 17.

The Examiner argues:

> Franks. . . discloses providing a plurality of financing structures (lease vs. buy), and evaluating the indicator values for the financial data (lease payment, interest, tax factor, cash flow, optimizing lease payments) with respect to the plurality of financing structures…(Final Office Action dated December 1, 2006 p.4).

However, Applicants respectfully submit that Franks does not supply the elements missing from Apgar IV. The cited disclosure of Franks merely presents a simple formula for lease valuation by making a lease versus buy and borrow comparison. Nothing in Franks relates to evaluating indicator values for the financial data, and therefore obtaining a total score for each financing structure that is directly comparable to obtain the optimal financing structure for that real estate asset.

Moreover, a person having ordinary skill in the art, combining Franks with Apgar IV, still would not arrive at the claimed invention. The fatal flaw in the Examiner's position is that Apgar IV simply does not relate to evaluating how best to procure a real estate asset, but instead, as noted above, relates to whether to purchase (or otherwise procure) a real estate asset. In the present invention, whether to procure a real estate asset does not enter into the equation because it is assumed that the decision on whether to procure the real estate asset has already been made. The present invention, not disclosed in Franks, Apgar IV, or any other reference, fulfills the question on how best to procure the real estate asset by determining the optimal financing structure for that real estate asset.

The Examiner further states that Ruffin discloses outputting the total scores.

The Examiner argues:

> Ruffin et al . . . discloses outputting the total score and compare the total scores [see enter document particularly, Abstract, Figure 2 (#201, 207-208), 4 (#405, #403g), 9: C1 L15-L30; C3 L1-C4 L48 – see solution proposal, financial services, different type of business service or solution scenarios, financial tools; C18 L 12-L25 see financing model] to generate ranked score

> for facilitating the selection of one or more of the product. (Final Office Action dated December 1, 2006 pp. 3-4).

However, Applicants respectfully submit that Ruffin et al. do not supply the elements missing from Apgar IV. The cited disclosure of Ruffin presents a matching system for matching potential information technology enhancement projects to the information technology resources and priorities of an enterprise. [See Abstract and independent claims "A method, system and program product for matching...an information technology enhancement project with the resource and priorities of an enterprise is presented herein."] Ruffin inventories an enterprise's enhancement resources and prioritizes potential enhancement projects based on the importance of the particular resource to the firm. Nothing in Ruffin et al. relates to real estate financing structures or obtaining an optimal financing structure for procuring real estate or even obtaining optimal financing structures for purchasing in general.

Further, Ruffin and the present invention address completely unrelated problems and therefore it would not have been obvious to a person having ordinary skill in the art to modify the disclosures of Apgar and Ruffin to supply the missing elements from Apgar IV. Whereas the present invention relates to evaluating real estate financing structures to determine the optimal finance structure for procuring real estate, Ruffin relates to matching a potential enhancement project with the resources and priorities of an enterprise.

In addition, Examiner states that Storms discloses "purchase computer systems, financing structures to obtain an optimal financing structure for procuring the real estate asset [see page 1-9 particularly page 3, 5-6, 8] to obtain best (optimal) and most efficient financing with attractive rates." Final Office Action dated December 1, 2006, p. 4. However, Storms teaches different applications of mortgage debts, explaining the types of

people and the set of circumstances in which it would make financial sense to take on mortgage debt. Thus, Storms fails to provide the missing element of finding an optimal financing structure for procuring the real estate asset.

The Examiner further states:

> It would have been obvious at the time the invention was made to a person having ordinary skill in the art to combine the disclosure of Apgar, Ruffin and Storms to obtain an optimal financing (best and most efficient) financing based on evaluations for a given property and ranking of customers (clients) credit scores. (Office Action dated December 1, 2006, p. 4).

Applicants respectfully submit that combining the disclosures of Apgar IV, Franks, Ruffin and Storms does not arrive at the claimed invention. Specifically, Apgar IV still relates only to evaluating the condition of a real estate asset and whether to purchase the real estate asset. There is no acknowledgment of the problem that is solved by the present claimed invention, which is to provide a ranking of financing structures and, therefore, an optimal financing structure based on financial and non-financial data represented by indicator values for the procurement or refinancing of a real estate asset.

Therefore, there is no teaching or motivation in Apgar IV, or any of the other references, for combining the references to arrive at the claimed invention. It is respectfully submitted that the question under 35 U.S.C. § 103(a) is whether the totality of the art would collectively suggest the claimed invention to one of ordinary skill in the art. *In re Simon*, 461 F.2d 1387 (CCPA 1972).

That elements are disclosed in the art is alone insufficient. It is common to find elements somewhere in the art. The test is whether the invention as a whole, in light of all the teachings of the references in their entireties, would have been obvious to one of

ordinary skill in the art at the time the invention was made. *Connell v. Sears, Roebuck & Co.*, 722 F.2d 1542 (Fed. Cir. 1983).

It is insufficient that the art discloses the components of Applicants' method and system, either separately or together. A teaching, suggestion or incentive must exist to make the combination made by the Applicants. *Interconnect Planning Corp. v. Feil*, 774 F.2d 1132, 1143 (Fed. Cir. 1988). In formulating the rejection under 35 U.S.C. § 103(a), it is well-established that it is insufficient to select from the art the separate components of Applicants' claimed invention using the blueprint supplied by the Applicants. *Rosemount, Inc. v. Beckman Instruments, Inc.*, 727 F.2d 1540, 1546 (Fed. Cir. 1984).

In combining Apgar IV with Ruffin et al. and Storms, it appears that the Examiner has merely located isolated disclosures that illustrate elements of the present claimed invention. Applicants respectfully submit that the Examiner is using "hindsight reconstruction" to pick and choose between isolated disclosures in the art to deprecate the claimed invention. Of course, it is well-established that hindsight reconstruction of an invention is impermissible. *See In re Fine*, 837 F.2d 1071, 1075 (Fed. Cir. 1988).

In considering obviousness, the critical inquiry is whether something in the art, as a whole, suggests the desirability and, thus, the obviousness of making a combination. *In re Newell*, 891 F.2d 899, 901-02 (Fed. Cir 1989). However, none of Apgar IV, Ruffin et al., or Storms suggests the desirability of the combination that would yield Applicants' claimed invention.

Since the Examiner has failed to establish a *prima facie* case of obviousness in combining Apgar, Franks, Ruffin and Storms, the rejection of the claims under 35 U.S.C. § 103(a) is improper and should be withdrawn.

Claims 2-16 depend from independent claim 1; and claims 18-20 depend from independent claim 17. These claims are further believed allowable over the references of record for the same reasons set forth above with respect to their parent claims since each sets forth additional steps and components of Applicants novel method and system, respectively.

CONCLUSION

In view of the foregoing remarks, Applicants respectfully submit that all of the claims in the application are in allowable form and that the application is now in condition for allowance. If, however, any outstanding issues remain, Applicants urge the Examiner to telephone the Applicants' attorney so that the same may be resolved and the application expedited to issue. Applicants respectfully request the Examiner to indicate all claims as allowable and to pass the application to issue.

Respectfully submitted,

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